

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-01 TRSE-00

LAB-04 SIL-01 SAM-01 OMB-01 SS-15 NSC-05 PA-01 PRS-01

USIA-06 L-02 H-01 TAR-01 AGR-05 EA-06 XMB-02 /092 W

----- 052623

R 061804Z MAR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8516

INFO USMISSION EC BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: EFIN, EAGR, ETRD, EEC

SUBJECT: EC FOREIGN MINISTERS COUNCIL MARCH 3-4

REF: 1) USEC 1864, 2)USEC 1815

1.SUMMARY.AN INFORMED FRG FORNOFFICE SOURCE EXPRESSED  
GENERAL SATISFACTION WITH OUTCOME MARCH 3-4 COUNCIL  
MEETING AND PREPARATIONS FOR MARCH 10-11 HEADS OF  
GOVERNMENT MEETING IN DUBLIN. FRG BELIEVES  
BUDGET CONTRIBUTION ISSUE IS PROPERLY A MATTER  
FOR DECISION BY HEADS OF GOVERNMENT, AND SO HAD NOT  
BEEN DISAPPOINTED BY FAILURE OF FORNMINISTERS TO REACH  
ANY CONCLUSIONS. PROVISIONS FOR SPECIAL ACCESS  
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OF NEW ZEALAND BUTTER (BUT NOT CHEESE) BEYOND 1977

SHOULD BE POSSIBLE, PROVIDED AMOUNT OF BUTTER COVERED BY QUOTA DECLINES OVER TIME. FRG PLEASED BY QUALITY AND TONE OF COMMISSION PAPER ON ECONOMIC OUTLOOK, ESPECIALLY ITS STRESS PLACED ON STABILIZATION AS PRIMARY POLICY GOAL. FRG HAS PROPOSED ESTABLISHMENT OF EC EXPERT GROUP ON RAW MATERIAL POLICY TO ASSESS PROBLEM AND HELP IN COORDINATION OF MEMBER STATE POSITIONS. END SUMMARY

2. BUDGET CONTRIBUTIONS. FREITAG, WHO DIRECTS OFFICE FOR EC TRADE AND THIRD COUNTRY RELATIONS IN FORNOFFICE, WAS RELATIVELY SANGUINE ABOUT STATE OF PLAY ON BUDGET ISSUE. AS FAR AS FRG IS CONCERNED, ONLY TWO IMPORTANT ISSUES REMAIN TO BE SETTLED: THE QUESTION OF WHETHER REVENUES FROM LEVIES AND CUSTOMS DUTIES WILL BE INCLUDED IN CALCULATION OF BUDGET CONTRIBUTIONS, AND THE FRG INTEREST IN HAVING A FIXED CEILING PLACED ON COMPENSATION PERMITTED UNDER PROPOSED SCHEME. WHILE FRG PREFERS THAT ONLY THE VAT REVENUES BE USED TO CALCULATE CONTRIBUTIONS TO EC BUDGET, THE ESTABLISHMENT OF A CEILING IS OF MORE IMPORTANCE TO FRG.

3. ACCESS OF NEW ZEALAND BUTTER AND CHEESE. FREITAG THOUGHT THAT THE HEADS OF GOVERNMENT COULD DO NO MORE THAN ISSUE A GENERAL STATEMENT OF INTEREST CONCERNING THEIR WILLINGNESS TO CONTINUE GIVING PREFERENTIAL ACCESS TO NEW ZEALAND DAIRY PRODUCTS AFTER 1977. THE REVIEW OF IMPACT OF THE SPECIAL TREATMENT OF NEW ZEALAND DAIRY PRODUCTS CALLED FOR BY PROTOCOL 18 TO THE ACCESSION TREATIES MUST BE MADE BEFORE THE COUNCIL CAN DECIDE ON PROPOSALS FOR CONTINUED PREFERENTIAL TREATMENT. FREITAG INDICATED THAT FRG WOULD BE WILLING TO ACCEPT A LIMITED SCHEME FOR PREFERENTIAL ACCESS OF NEW ZEALAND BUTTER FOR A THREE-YEAR PERIOD BEYOND 1977. SINCE THIS SCHEME SHOULD BE DESIGNED TO

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

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LAB-04 SIL-01 SAM-01 OMB-01 SS-15 NSC-05 PA-01 PRS-01

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----- 052730

R 061804Z MAR 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 8517

INFO USMISSION EC BRUSSELS

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

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PHASE OUT GRADUALLY THE NEW ZEALAND DEPENDENCE ON  
UK MARKET, THE AMOUNT OF THE QUOTA SHOULD NOT  
BE HIGHER THAN THE 138 TONS PERMITTED IN 1977, AND  
SHOULD DECLINE OVER TIME. PREFERENTIAL ACCESS  
SHOULD BE CONTINUED ONLY FOR BUTTER. FRG  
OPPOSES UK SUGGESTION TO LINK PRICE OF NEW ZEALAND  
BUTTER TO COMMUNITY SUPPORT PRICE.

4. ECONOMIC POLICY COORDINATION. THE COMMENTS ON  
POLICY SET FORTH IN THE COMMISSION'S PAPER ON  
ECONOMIC OUTLOOK STRUCK A PARTICULARLY RECEPTIVE  
NOTE IN BONN. FREITAG CITED THE EMPHASIS PLACED  
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ON STABILITY, THE NEED FOR SELECTIVE MEASURES TO  
COMBAT UNEMPLOYMENT RATHER THAN GENERAL EXPANSION,

AND THE WARNING THAT TOO STRONG A MOVE TOWARD  
EXPANSIONARY STANCE MAY AGGRAVATE UNEMPLOYMENT  
PROBLEMS OVER LONG RUN. COMMISSION'S SUGGESTION THAT  
SURPLUS COUNTRIES REVIEW THEIR POLICIES TO SEE  
WHETHER FURTHER STEPS COULD BE TAKEN TO INCREASE  
DEMAND IS SUFFICIENTLY CAUTIOUS TO BE ACCEPTABLE  
TO FRG.

5. RAW MATERIALS POLICY. RECOGNIZING WIDE DIFFERENCES  
OF VIEW SEPARATING MEMBER COUNTRIES, FREITAG BELIEVES  
IT IS NEVERTHELESS IMPORTANT TO TRY TO DEVELOP  
COORDINATED EC POSITIONS. GENERAL  
DISCUSSION BY HEADS OF GOVERNMENT ON BASIS OF  
COMMISSION PAPER WILL BE USEFUL START. HOWEVER,  
FRG BELIEVES NEW INSTITUTIONAL MECHANISM IS  
NEEDED FOR EXCHANGE OF VIEWS WITH AIM OF  
ACHIEVING COORDINATED POSITIONS. FRG HAS PROPOSED  
ESTABLISHMENT OF EXPERTS GROUP REPORTING TO  
PERMANENT REPRESENTATIVES. COMMISSION HAS WELCOMED  
THIS SUGGESTION, AND SO FREITAG DOES NOT BELIEVE  
THERE WILL BE TOO MUCH DIFFICULTY IN SETTING UP  
THIS GROUP.  
HILLENBRAND

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Margaret P. Grafeld  
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05 JUL 2006

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**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006